

Message Text

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ACTION EUR-12

INFO OCT-01 NEA-06 ISO-00 TRSE-00 USIA-06 FRB-01 XMB-02

PA-01 PRS-01 AGR-05 SWF-01 AEC-05 AID-05 CEA-01

CIAE-00 CIEP-01 DODE-00 EB-07 FEAE-00 FPC-01 H-01

INR-05 INT-05 L-02 NSAE-00 NSC-05 OMB-01 PM-03 RSC-01

SAM-01 OES-03 SP-02 SS-15 STR-01 /101 W

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R 181128Z DEC 74

FM AMEMBASSY BUDAPEST

TO SECSTATE WASHDC 2413

INFO DEPT OF COMMERCE WASHDC

AMEMBASSY BELGRADE

AMEMBASSY BUCHAREST

AMEMBASSY MOSCOW

AMEMBASSY PRAGUE

AMEMBASSY SOFIA

AMEMBASSY VIENNA

AMEMBASSY WARSAW

AMCONSUL MUNICH

USMISSION BERLIN

AMEMBASSY TRIPOLI

LIMITED OFFICIAL USE BUDAPEST 3465

E.O. 11652: N/A

TAGS: EFIN, ENRG, HU, GX

SUBJ: HUNGARIAN VISIT OF LIBYAN ECONOMIC MINISTER

DEPARTMENT PASS TREASURY

1. LAST WEEK'S VISIT OF LIBYAN ECONOMIC MINISTER EL-SHERIF TO BUDAPEST PRODUCED AGREEMENT ON ESTABLISHMENT OF HUNGARIAN/LIBYAN MIXED COMMISSION FOR ECONOMIC COOPERATION, A COMMITMENT TO EXPAND BILATERAL TRADE AND
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THE POSSIBILITY OF LIBYAN CREDITS FOR HUNGARIAN DEVELOP-

MENT PROGRAMS. HOWEVER, REPORT ON DISCUSSIONS WITH LIBYANS CONSPICUOUSLY FAILS TO MENTION POSSIBILITY OF LIBYAN OIL SALES TO HUNGARY.

2. IN ITS INITIAL SESSION, HUNGARIAN/LIBYAN MIXED COMMISSION SINGLED OUT THOSE AREAS WHERE HUNGARIAN INDUSTRIES MIGHT BEST PARTICIPATE IN LIBYAN DEVELOPMENT PROGRAMS. HUNGARIANS ARE EXPRESSING HOPE THAT RATE OF INCREASE IN HUNGARIAN EXPORTS TO LIBYA, WHICH HAVE RISEN FROM LESS THAN \$10 MILLION IN 1973 TO \$20 MILLION THIS YEAR, CAN BE MAINTAINED. ON QUESTION OF CREDITS, LIBYAN MINISTER MADE STATEMENT PRIOR TO DEPARTURE THAT IT WAS CERTAINLY "NOT IMPOSSIBLE" THAT LIBYA WOULD MAKE USE OF SOME OF ITS SURPLUS OIL REVENUES TO EXTEND CREDITS TO HUNGARY PARTICULARLY FOR DEVELOPMENT OF FOOD AND FOOD PROCESSING INDUSTRIES. HE NOTED FURTHER THAT A BASIS FOR FINANCIAL COOPERATION WAS BEING ESTABLISHED AND DETAILS ON THIS SUBJECT WOULD BE FORTHCOMING IN NEAR FUTURE.

3. COMMENT: POSITIVE REMARKS OF LIBYAN MINISTER ON QUESTION OF FINANCIAL COOPERATION SUGGEST GOOD POSSIBILITY EXISTS FOR GRANTING OF SIZABLE LIBYAN CREDIT FOR HUNGARIAN DEVELOPMENT PROGRAMS. DURING HUNGARIAN STAY, LIBYANS MET WITH FINANCE MINISTER FALUVEGI WHO RECENTLY CONCLUDED \$40 MILLION LOAN AGREEMENT WITH KUWAIT. IN ADDITION TO APPARENT SUCCESS IN ATTEMPT TO RECYCLE SOME ADDITIONAL PETRO-DOLLARS VIA BUDAPEST, HUNGARIANS ALSO SEEM TO BE ON THEIR WAY TO SIGNIFICANT MARKET IN LIBYA FOR CERTAIN INDUSTRIAL GOODS -- PARTICULARLY BUSES, FLOATING CRANES AND ELECTRONIC EQUIPMENT. ON NEGATIVE SIDE, FAILURE TO MENTION OIL IN REPORTS OF BILATERAL DISCUSSION STRONGLY SUGGESTS THAT LIBYANS HAVE BALKED IN MAKING ANY COMMITMENTS TO GUARANTEE FUTURE OIL DELIVERIES OR GRANTING OF FAVORABLE TERMS FOR POSSIBLE HUNGARIAN PURCHASES OF LIBYAN CRUDE.
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